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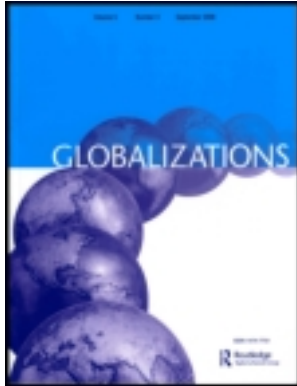
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The Reconfiguration of the Global State–Capital Nexus

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ABSTRACT *Noting an apparent ‘return’ of the state this article analyzes the rearticulation of state–capital relations in the context of the current global crisis. Departing from the notion that capital and state are internally related, we distinguish four roles that the state can play with respect to capital accumulation and on that basis examine to what extent and how the state–capital nexus is reconfigured in both the global South and global North. We argue that in spite of a more activist role of the state in the latter and the rise of globalizing yet state-led accumulation strategies in the former, the globalizing dynamic of capital and the concomitant deepening commodification go on unabated. The ‘rebound of the state’ that is the focus of this special issue is thus seen as instrumental to an ongoing globalization of capital, notwithstanding significant power shifts arising out of this contradictory process.*

Keywords: state–capital nexus, state theory, capital accumulation, global crisis, globalization

Introduction

Global capitalism is in a deep crisis. Since the outbreak of the subprime crisis in the US in 2007, successive destabilizing waves have gone through the global economy. The trajectory of the crisis has made it clear that we are not simply dealing with a singular financial crisis, but with an underlying crisis of overaccumulation, and with a crisis of the neoliberal hegemonic project that has shaped the course of global capitalism for the past decades. This structural political and economic crisis is furthermore intimately linked to the deepening ecological crisis as well as bound up with an increasingly palpable power shift to the East within the global political economy. The accumulation regime of the post-World War II era was based on the intensification and global spread of hydrocarbon-based energy and transportation systems that are threatening the survival of the ecosystems of our planet. At the same time, the supremacy of the West, established in the fourteenth to sixteenth centuries, appears to be waning with the decline of US

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hegemony and the rise of Asia as a rival centre of accumulation. The hegemonic transition that this potentially implies has been both reflected and reinforced by the global financial and economic crisis of which the US itself has been the epicenter. There is an abundance of literature on the crisis and on many of its aspects.¹ It is striking, however, that one crucial aspect of the crisis has so far received little attention, and that is the changing role of the state.

In the early days of the crisis some suggested that the crisis of liberal capitalism heralded a return of the state and of statist regulation. The 'return of state capitalism' and the 'return of the state' became popular catchphrases in the financial press (e.g. *The Economist*, 2008; *Financial Times*, 2008). Indeed, two recent developments appeared to lend support to this notion.

First, in the crisis-ridden core of the global economy, a full-blown depression was averted by the state taking over the reins from capital, saving the hypertrophied financial sector from collapse by huge bail-outs or even outright nationalization, and subsequently by unprecedented 'stimulus programs' sustaining overall demand where 'the market' was unable to. It soon transpired, however, that increased state activism did not in any way represent a return to the type of interventionist state known from the days of the postwar boom. In fact, as the crisis in the core entered its next phase from 2010 onwards in which the bail-outs and the stimulus programmes turned out to have been only a partial success while coming at the price of rapidly rising sovereign debt, governments in both North America and in the crisis-ridden Eurozone have turned to austerity in a futile attempt to pacify the financial markets. This new phase of the crisis has raised new questions with regard to the relationship between capital and the state: if the increased role of the state does not represent a return to the corporate liberal configuration of the 1950s–1970s, while there is arguably also a clear move away from the peculiar neoliberal configuration of the 1990s and early 2000s, then how should we understand these changes and the emerging new configuration of the 2010s?

Second, countries outside the core such as Brazil, India, and especially China initially managed to escape the contraction of the world economy as a result of state-led efforts to sustain and even accelerate accumulation through successful programs of capital controls, infrastructural investment, demand stimulus, and technological upgrading (see the contribution by Schmalz and Ebenau in this issue). The immediately visible result was the accelerated rise of new corporate giants from the global South, both (quasi-) private and state-owned, in manufacturing, services, energy, and finance. This has reinforced a longer-term rise of capital from the global South going hand in hand with the assertion of a newly confident state-based authority on the part of some rising powers (in particular China and Russia). In some cases these states seem to position themselves as contender states vis-à-vis the West. This happened at the same time that the leading power of the West itself, the US state, came to re-emphasize and bolster the territorial and coercive aspects of its imperialist power.

Together, these trends indeed appear to signal a fundamental power shift in favor of the state. However, such a conclusion would be misleading inasmuch as it fails to grasp that capital and the state are *internally related*: state power cannot be abstracted from the private power of capital. Hence, we focus our attention in the remainder of this article on key aspects of what we call the *state–capital nexus* and we will examine to what extent and how this nexus is reconfigured in the context of the current global crisis. We thus seek to throw light on how the 'Rebound of the State'—the focus of this special issue—is related to what we see as the ongoing globalizing dynamic of capital. Though the contradictions of neoliberal globalization have brought us into the current crisis, the crisis, and the responses to it by states and elites, has not yet dented the secular trend of deepening commodification accompanying accumulation capital accumulation on a world scale.

Rather than amounting to some one-dimensional ‘return of the state’, the trajectory of the crisis over the past few years has rather been marked by the *combination* of a ‘return of the state’ with a continued deepening of the process of capitalist transnationalization and globalization. In order to make sense of this contradictory movement our key points of departure are (1) the nature of the capitalist state as the institutional ensemble necessary to guarantee the general conditions for capital accumulation and the reproduction of any capitalist social formation, and (2) the nature of the state as a territorial power container (Taylor, 1994) and the particular functions of territoriality in the reproduction of the capitalist global order. The two aspects are related inasmuch as global capitalism has been bound up with and mediated by a pre-existing system of territorially demarcated states from its inception (Teschke and Lacher, 2007).

Following the above-noted trends, we will distinguish between a rearticulation of state and capital *within* the traditional core of the capitalist world economy, that is, within what after World War II became the liberal ‘West’, and *outside* that traditional core, in particular (but not exclusively) in those rising powers that are now fashionably referred to as the BRICs (Brazil, Russia, India, China). In both cases we argue that the transformation of the state–capital nexus does not imply the state abandoning the project of global commodification. On the contrary, both in the core and in the erstwhile periphery state strategies seem to be geared towards deepening commodification of labor and nature rather than towards de-commodification.

The remainder of this article is organized as follows. In section two, we elaborate the general relationship between state and capital in the accumulation process. Then, section three turns to a discussion of the changing state–capital nexus in the Western heartland of global capitalism. Finally, section four provides a discussion of the apparent rise of statist capitalism in the ‘global South’.

The Role of the State in Capital Accumulation

Although in the context of the current crisis the critical role of the state within capitalism is plain for everyone to see, for a long time this has been rather hidden by a neoliberal ideology sustaining the myth of *laissez-faire* capitalism enabled by the negation rather than the application of state power. This myth has often been mirrored in many leftist (esp. popular) critiques, invoking the image of the state being subordinated to overpowering market forces. In much academic literature these distortions have tended to be sustained, even if inadvertently, by a dichotomous discourse of states *versus* markets, or the notion that states and markets are by definition opposite forces and markets can only expand where states retreat and vice versa (e.g. Strange, 1996; Underhill, 2001; Weiss, 1998; cf. Schwartz, 2010, for a slightly different approach). For many this has made the ‘return of the state’ so remarkable and unexpected, whereas in fact of course the state was never gone in the first place. In some sense the extension of markets may indeed involve ‘rolling back the frontiers of the state’, as Margaret Thatcher put it, but it is critical to understand how this is true, and in which way the state—despite appearances to the contrary—remains critical with respect to the reproduction of the capitalist system, even in its most liberal mode.

Going beyond ‘state–market’ conceptualizations, we draw upon *state theory* within Marxian political economy (e.g. Holloway and Picciotto, 1978; Jessop, 1990) and Polanyi’s insights into the emergence of market society to distinguish four roles the state plays with respect to the capital accumulation process (focusing narrowly on the relationship between capital and the state):

- 1 *Market creation*: helping to bring about, and if necessary re-establish, and generally ensure the effective functioning, of markets—including the markets for what Polanyi (1957) called the ‘fictitious commodities’ of labour, land, and money, which are a precondition for capitalist accumulation;
- 2 *Market correction*: mitigating the destructive social effects of those same markets or, more generally speaking, managing the capital–labour relationship and reproducing the subordination of living labor to capital;
- 3 *Market direction*: directing and supervising capital accumulation where private capital fails to do so;
- 4 *External representation*: representing the external interests of ‘domestic’ capital, ranging from the practice of economic diplomacy to the forceful protection and promotion of business interests if need be by military means.

Whereas the first role is a necessary condition for the consolidation of capitalism, and the second role is arguably necessary for its social reproduction, the third role, which if taken to its extreme would actually contradict the logic of capitalism, is more contingent. The first three roles can be abstractly understood as referring to the ‘capitalist state’ as such, without reference to the existence of a plurality of states (i.e. the states system). That is, although each of these three roles may have an external dimension, they in the first instance refer to the internal role of the state, i.e. to the relation between state and capital within the territory over which the state exercises sovereignty. The fourth role is explicitly external inasmuch as here the state acts as protector of capital outside the borders of its territory (referring to the historical genesis of the bourgeois state, Heide Gerstenberger called this ‘merkantile Aussenvertretung’—literally ‘external mercantile representation’; Gerstenberger, 1973). In the contemporary era of global capitalism, this role transcends the limitations of the national. The state–capital nexus thus refers first of all to the (internal) relationship between the state and capital in general, and at the level of the world market this brings into view the specific role of the hegemonic state, and of global quasi-state institutions (van der Pijl, 1998) or what Cox called the internationalized state (Cox, 1987) in guaranteeing the rule of capital globally. Let us look at each role somewhat more closely.

Regarding the first role, we must note that although markets existed in pre-capitalist social formations, it is only within capitalism that commodities are specifically produced for the market, *and* the production process itself is regulated by the market mechanism, involving, as Polanyi (1957, p. 71) argued, the subordination of ‘the substance of society itself to the laws of the market’, thus primarily emphasizing the sphere of distribution. Marx, of course, essentially described the same process, which he aptly referred to as capital taking ‘command of production itself’, thus however placing more emphasis on the real subsumption of labour under capital in the production process (1991, p. 444). Crucially, capitalism is not an outgrowth of a natural ‘commercialization process’ (Wood, 2002); rather, it is the effect of historically specific social (class) relations expressed in, as well as brought about by, the state. One of the most lasting insights offered by Polanyi is that the ‘self-regulating market’ is a ‘utopia’ and that the state has always played an essential role in establishing capitalist markets and in creating the ‘fictitious commodities’ of land, labour, and money (1957, pp. 68–76). As van Apeldoorn and Horn (2007, p. 215) point out it is the state that provides the (interrelated) institutional preconditions for capitalist markets to arise and develop: for example, by enabling certain ‘things’ to be turned into commodities; by creating and guaranteeing property rights; by issuing and sustaining the value of money; and by ensuring sufficiently competitive markets through, for

example, competition law. This underlines the *internal* relationship between capital and the state in any, even a neoliberal, capitalist economy.

Now, within the limits of the capitalist mode of production the role of the state is not exhausted by providing these institutional and political preconditions. The role of the state may go, and often has gone, and sometimes in order to ‘save the system’, *must* go, beyond this role in several ways. Going beyond here does not necessarily mean gaining in importance but it does mean acquiring a more direct and more visible role vis-à-vis and within the capitalist economy. The second role of the state in capitalist social formations is again one we find in the work of Polanyi and in his account of the *double movement* in which the capitalist market is (re-)embedded lest it should fall victim to its own utopia and destroy the social fabric by which it is sustained. Here embeddedness can be taken to mean that ‘society, in and through the agency of a wide range of social forces, seeks to constrain the destructive anarchy of the free market by subjecting it to various forms of extra-economic regulation that nonetheless support and sustain capital accumulation’ (Jessop, 2001, p. 3). Examples of such ‘extra-economic regulation’ include the whole plethora of social policies associated with the welfare state. These policies may perform the function of avoiding capitalism’s collapse under the weight of its own contradictions but they may also potentially be ‘anti-capitalist’ in nature and, depending on politics, ultimately transcend capitalist relations of production. More to the point, the role of the state here is not *directly* oriented to (sustaining) capital accumulation as such, but rather to mitigating its disruptive social effects.

The third role, which also goes beyond the political constitution of capitalist markets and comes closest to the established notion of ‘state capitalism’ (as will be discussed in the final section of this article), is becoming more important within the global political economy with what misleadingly is seen as the ‘return of the state’. Where this role or function manifests itself, the state plays a *directing* role in the capitalist accumulation process itself: seeking to foster, guide, and direct capital accumulation not through the establishment of markets and the freeing up of market forces but by taking up a role of its own as an agent of capital accumulation. This can happen under conditions of stalemate between social forces locked in indecisive class conflict (as under fascism and National Socialism in the Interbellum: see Cox, 1987, pp. 140 ff.), or in the pursuit of a passive revolution from above in developmentalist states (ibid., pp. 230 ff.) or what van der Pijl calls contender states engaged in a catch-up struggle (van der Pijl, 2006; see also his contribution to this issue on China).

The fourth role can partly overlap with the first three roles, especially the roles of ‘market creation’ and ‘market direction’, but is here distinguished analytically in order to emphasize the importance of the external dimension. Externally then, the state serves as the protector of ‘its’ capital on the world market. According to Gerstenberger, external representation was indeed constitutive of the bourgeois state as such (Gerstenberger, 1973). The instruments employed in this function range from direct commercial support to domestic firms (import levies, export subsidies, conditionalities imposed on aid recipients, etc.), via traditional commercial diplomacy (becoming increasingly dominant in the overall package of tasks assigned to the diplomatic corps of advanced capitalist states in recent years) to the application of military power in support of the competitive position of domestic capital on the world market. One only needs to think of the extensive global military/security infrastructure—above all provided by the US—that underpins worldwide free trade (‘the global market’) to illustrate the vast role of the state in backing up capital accumulation on the world market (here then the external role overlaps with the first role of ‘market creation’). Although with the ongoing globalization process a substantial part of capital accumulation is transnationalized, capital nevertheless

continues to be embedded in specific national sociopolitical structures. Transnational capital often still has a strong national or regional (EU) home base and market while national classes, as tied to transnationally oriented but still also partially nationally embedded capital, tend to persist ‘underneath’ often regionally configured (rather than truly global) processes of transnational class formation.

Having briefly outlined in rather general and abstract terms the role of the state in the process of capital accumulation, we will now engage more directly with recent rearticulations of the state–capital nexus under the impact of the global crisis, looking in turn at what appears to be a more ‘activist’ role of the state within the North Atlantic area, and at ‘return of state capitalism’ in the form of the increasing impact of ‘emerging economies’ of the global South and the associated rise of state-owned enterprises on the world market.

The State Coming to the Rescue: Rearticulating the State–Capital Nexus in the West

As indicated above, and as is by now well established in the literature (e.g. Birch and Mykhnenko, 2010; Duménil and Lévy, 2011; Overbeek and van Apeldoorn, 2012), neoliberalism was never about the withering away of the state, or the decline of state power vis-à-vis markets with state and markets viewed in dichotomous terms. Neoliberalism, instead, represented a concerted intervention to shift the balance of class forces in response to the crisis of the 1970s, that is, a ‘strategy of the capitalist classes in alliance with upper management, specifically financial managers, intending to strengthen their hegemony and expand it globally’ (Duménil and Lévy, 2011, p. 1; see also Overbeek and van der Pijl, 1993). This strategy was about confining the role of the state to guaranteeing the general conditions for capital accumulation and the creation of markets where they did not exist, and hence bringing more and more areas of social life under the discipline of capital. States have done so through activist policies of privatization and marketization but the result of that has been that the state itself has receded into the background, still playing a key regulatory role but not interfering with the price mechanism as such (see also van Apeldoorn and Horn, 2007). Indeed, in many areas and at different levels of governance we have witnessed a ‘marketization’ of regulation itself (e.g. see Buch-Hansen and Wigger, 2011; and Horn, 2011). Although these neoliberal transformations are global processes, as a political *project* neoliberalism must be viewed as centred within and led by the liberal West, above all the US. Neoliberalism was after all a response to a hegemonic crisis within this ‘heartland’.

The near collapse of global financial markets in 2008 appeared to herald the final demise of the neoliberal project as states came to the rescue through bail-outs and even nationalization. The state had not only intervened to save an inflated financial sector, but governments across the OECD also seemed ready to respond to a groundswell of public opinion calling for tougher public control of in particular those financial activities—such as trading in mortgage backed securities, credit default swaps, and other derivatives—that most clearly remind us of Marx’s observation that it is in the nature of credit to develop ‘the motive of capitalist production . . . into the purest and most colossal system of gambling and swindling’ (Marx, 1991, p. 572). With such strict regulatory control, and in conjunction with (partial) nationalization, we then might have witnessed a shift towards what we have identified as the third (possible) role of capitalist states, that of directing and supervising capital accumulation—at least with regard to the financial sector.

These expectations, however, have not been borne out. Government officials everywhere have been adamant in proclaiming that state intervention in support of financial institutions was only a

temporary measure, and that these institutions would be ‘returned to the market’ as soon as conditions would allow. Thus, in public debates throughout the OECD, frequent references were made to the Swedish experiences in the early 1990s (Jackson, 2008; *New York Times*, 2008), where the Swedish state nationalized banks in trouble in 1992 and privatized them again years later, making a profit in the process. In the US, nationalization of banks was effectively ruled out as an option ‘[n]ot only’, Obama has explained, ‘because philosophically that would have been a radical shift’ but also because of the expected market distortion (Susskind, 2011, p. 457).

In the meantime, much of the financial sector itself quickly recovered with profits and bonuses reaching pre-2008 levels again (on the recovery of the US financial sector, see e.g. Hager, 2012). This has furthermore been taken as a confirmation of the wisdom of another path chosen by states throughout the old capitalist core, which is to refrain from any radical regulatory overhaul of the financial sector. Despite repeated calls for making finance the servant of the real economy again, the freedom of financial capital—a freedom won after all the regulation of the New Deal/Fordist era had been undone in the 1980s and 1990s—has remained largely untouched. In spite of its awareness that something needed to be done, the crisis management of the Obama administration has largely stayed within the limits imposed by the powerful interest of Wall Street to which Obama’s economic team has proven to be subservient throughout the crucial first years of the administration, which came to office in the wake of Lehman’s fall. As documented by Susskind (2011), Obama’s economic team, largely consisting of former Clinton officials responsible for the deregulation of the 1990s and closely affiliated with Wall Street (see van Apeldoorn and de Graaff in this issue), was first of all guided by the principle of ‘first, do no harm’ (Susskind, 2011, pp. 200–202, 417), that is, do not in any way intervene in the market if you are not sure that this will not distort it or rather prevent the return to profitability within the financial sector. Although Obama in 2010 did sign the Dodd–Frank Act, which was hailed as the biggest regulatory move since the Great Depression, this was simply because no reregulation, but only deregulation, had taken place since. In fact, this financial reform package was very watered down, largely because of the successful lobby by America’s leading financial institutions.

Within the context of the Euro crisis there is very little discussion of taking on the financial sector, even though it is clear that here we can find one of the root causes of the so-called sovereign debt crisis (Overbeek, 2012a). The policy discourse on the part of Europe’s government leaders has been limited to talk about a financial transactions tax, which, however, is effectively blocked by the UK and arguably by those member states that are hiding behind it (and argue that they would only favour it if the whole world would go along). The bail-outs have thus far then not turned out to be a prelude to the state taking the reins from capital, but rather have turned out to be just that what the name suggests, namely the bail-out of the bankers and the speculators who, enabled by financial deregulation—that is the market-making role that the state played in the neoliberal 1990s and 2000s—had increasingly been lured to Ponzi finance (Minsky, 1986). Here the state has proven its indispensability for the capitalist class, as without its intervention, not only would the reigning financial aristocracy have been wiped out, but the reproduction of the global capitalist system as a whole would have been mortally endangered. Though such a cataclysmic event would have arguably also hurt many ordinary people—especially since world socialism was not waiting around the corner to take its place—the point is that the conditions under which this ‘rescue’ has taken place have been highly beneficial above all to the leading sections of the capitalist class. As David Harvey (2011, p. 266) concludes in his recent book, what has been followed is the tried and tested recipe of ‘rescue the banks

and sock it to the people'. Politically too, the banking world appears to be back in the driver's seat. In Europe, of all the societal interests affected by the debt crisis (wage earners, public sector workers, pensioners, small enterprises) only the financial sector represented by the International Institute of Finance (IIF) was able to obtain a seat at the negotiating table in a revealing display of its structural power (CEO, 2012). In the context of the Eurozone crisis we have furthermore seen the core states protecting their 'own' capital and markets by coercing the periphery into a program of intensified austerity and retrenchment, that is, the fourth role of external representation—namely, the state acting on behalf of capital rather than in any way taking the reins of the accumulation process into its own hands. In the US the ties between Washington and Wall Street have remained as close as ever, and these ties have arguably partly prevented the US administration from making any more forceful steps towards reversing financialization and taking on the likes of Goldman Sachs (van Apeldoorn and de Graaff, 2012, and in this issue; see also Susskind, 2011).

Finally, the enormous sums of public money being poured into the global economy to sustain demand in the face of the total black-out in the global credit markets in 2008–2009 did not, we know now, announce a full-scale return to Keynesian demand management. Rather, they turned out to be an emergency measure soon to be replaced by a renewed and indeed even deeper neoliberal offensive of austerity and retrenchment. In the Eurozone in particular, the discipline imposed by the Troika is squeezing all life out of the peripheral economies in a desperate attempt to uphold the German-led project of 'competitiveness' in a global context (e.g. Bellofiore et al., 2010).

In sum, inasmuch as neoliberalism has been a program of restoring and subsequently reinforcing the power of capital through a global project of marketization and commodification, the crisis thus far seems not to have been able to seriously dent this. In terms of the framework outlined above, this means that in the West we thus far do not see a significant shift from the first, market-making role of the state to the second and third roles of market correction and market direction. In fact, the neoliberal programme in some respects appears to have gained an extra lease of life, albeit less as a hegemonic project than as a (last?) flight forward in which the repressive character comes to dominate the consensual aspects (as is so clearly demonstrated in the periphery of the Eurozone). Neoliberalism's continued 'ecological dominance' (Jessop, 2010) has enabled the forces driving it—first and foremost US-led financial capital—to redraw the boundaries between the public and the private, between the state and the market, pushing, yet again, the reign of capital into new corners, destroying not only remnants of pre-capitalist social relations but also leading on a global scale to what Saskia Sassen (2010) has aptly called a 'savage sorting or winners and losers'. The sustained erosion of wages and pensions, the intensified privatization offensive in the area of welfare and health care, the forced sale of state assets at fire sale prices in the indebted countries in the periphery of the Eurozone, the continued creation of new markets in the face of climate change and biodiversity depletion (carbon credits, biodiversity banking), these all bear witness to the reality of yet another phase of aggressive neoliberal privatization. Capital has successfully offloaded the losses that its speculative flight forward of the 1990s and early 2000s caused, thus contributing to a massive redistribution of wealth and income between the mass of the population on the one hand, and the top 1% of wealth owners on the other. Focusing on the West or the 'global North', neoliberalism indeed appears to arise from its ashes like a phoenix (cf. Peck, 2010, p. 275).

A more fundamental rearticulation of the state–capital nexus in the West may yet be in the offing, but thus far it has remained limited as the state has rather played the role of protecting the interests of capital in general by saving the capitalists from themselves, but not in a way

that leads to any durable statist direction of the market but rather instrumentalizing the crisis to promote further neoliberalization. Yet at the same time it must be recognized that neoliberalism is no longer a hegemonic project and in that respect might be reaching, as van Apeldoorn and Overbeek (2012) have suggested, the end of its life-cycle. Although for sure we cannot yet observe either the emergence of an alternative accumulation strategy nor a concomitant hegemonic project—evocative of what Gramsci (1971, p. 276) called the interregnum in which ‘the old is dying but the new cannot yet be born’ (cf. Hay, 2011)—it is also clear that the consent among significant sections of Western working and middle classes upon which neoliberal governance previously rested has largely eroded.

In Europe, the move towards German-led, ever more extreme austerity is part of a conservative political project and in terms of accumulation strategy combines disciplinary neoliberalism with a kind of mercantilism within the Eurozone of the Northern creditor and surplus states vis-à-vis the indebted and uncompetitive South (Overbeek, 2012a). Although these policies enjoy support among at least significant sections of, for example, the German electorate, other elements that were key to the neoliberal project before have clearly lost their legitimacy in the wake of the crisis. This applies above all to financialization but also to marketization more generally, including, for example, the project of shareholder capitalism or marketization of corporate control promoted by the EU in recent years (Horn, 2011). While indeed, as noted, this has not yet led to any significant reversal of these policies, it is difficult to see how they can be sustained in the longer run without any renewed hegemonic project that would somehow successfully incorporate them. Chances for such a renewal of neoliberal hegemony seem to be as dim though as the prospect for economic recovery. Regarding the latter, another Europe-wide recession seems all but certain. As a result, massive social unrest of the kind that at the time of writing continues to enflame Greece will likely spread even to the EU heartland and further deepen the multilayered legitimacy crisis from which the EU—reflecting the failure of the elite-driven neoliberal project that has been informing its policies—has been suffering even since before the current crisis (van Apeldoorn, 2009).

Indeed, resistance to the current austerity drive is already growing and not just in Southern Europe. Currently—and especially with the election of Hollande to the French presidency—the politics of the Eurozone appear to be reconfigured with an increasing chorus also from within the political establishment calling for a growth agenda to at least complement if not mitigate fiscal discipline (Barber and Spiegel, 2012). Nevertheless it is far from clear whether this shift will be sufficient to sway Germany and other creditor/surplus countries enough into the direction of a more sensible set of policies with respect to the Eurozone crisis. And even if it would, there is no guarantee that this would in fact prevent a break-up of the Eurozone.

In the US, the epicenter of the crisis, we can observe that Obama, as indicated, has thus far not in any significant way broken with the neoliberal model. However, his discourse has recently shifted back to a form of populism that claims to respond to middle class discontent by seeking to create an economy in which ‘everyone gets a fair shot’ rather than an economy ‘weakened by outsourcing, bad debt and phony financial profits’, and calling *inter alia* for higher taxes for the 1% of highest earners (Obama, 2012). Whether this is more than campaign rhetoric and actually constitutes an increased market correcting role of the state remains to be seen.

As Brenner et al. (2010) have suggested, neoliberalism is still walking but rather like a zombie. Whether it will continue to do so, or whether it will return to the living through a regenerated hegemonic project, or whether it will finally go to its grave, of course depends upon strategies adopted by elites as well as pursued by those resisting the current state—capital nexus from the streets of Athens to Zuccotti Park (cf. Konings as well as Horn in this issue). Thus whether

the state and its relationship to capital can be reconfigured will in the end be determined by broader social and political struggles. These struggles, however, are not confined to the West and in order to come to a more comprehensive understanding of to what extent the role of the state in the global political economy is changing we now turn our attention to the 'global South', in particular that part of the South which is now emerging to challenge the power of Western states and Western capital.

The Rise of a New Statist Capitalism? State-Owned Enterprises from the Global South on the World Market

Talk of a new 'state capitalism' surged in particular in the wake of what was then still the sub-prime crisis within the financial press and other circles of the Western financial elite. Thus early in 2008 the *Financial Times* published an 'in-depth' dossier on its website entirely devoted to the theme of state capitalism (*Financial Times*, 2008). The discourse constructed there tended to view the new state capitalism as coming from the East, and in particular emanating from 'illiberal' and 'autocratic' regimes such as China and Russia, and as a threat to the interests of the West and more specifically its free market model (e.g. Bremmer, 2008; Kagan, 2008).

In these discussions the term 'state capitalism' is used in a rather loose and a-theoretical way as a colloquialism referring to a perceived tendency of an increased role of the state in the management of the economy (whether nationally or of the global economy as a whole). In the Marxist tradition, state capitalism has had a much more precise and theoretical connotation, employed by some as referring, rather confusingly, to the political economies of the Soviet Union or pre-1979 China (e.g. Resnick and Wolff, 2002), while in another strand of older literature the term refers to strategies of economic development in the periphery (e.g. Petras, 1977). With the collapse of communist rule in the Soviet Union and Eastern Europe, and with the steady march to market capitalism in China, the first usage of the concept has largely become one for historians. The second meaning, referring to 'catch-up' strategies on the part of developmentalist states outside the Western core, is arguably more relevant to understanding today's rearticulation of the state–capital nexus in what we may broadly define as the 'global South'. However, given the more specific meanings attached to the terms state capitalism in some literature, we here prefer the term 'statist capitalism' (in analogy to Harris, 2009, who talks about statist globalization) to describe what we see as a particular configuration of state–capital relations in which the state's third possible role as outlined above, namely that of in part *directing* the capital accumulation process, is particularly pronounced. Staying within the confines of capitalism, we view *statist capitalism* as a contingent phenomenon—which may manifest and has manifested itself in varying historical circumstances—in which the role of the state tends to go beyond what is normally deemed to be the essence of capitalism (that is, the private ownership *and* control of the means of production) but stops before the point where most of the surplus value would in effect be appropriated collectively rather than privately, and where capitalist competition would cease to function as such.

We argue that the new statist capitalism on the one hand can still be associated with the strategies of developing states seeking to catch up with—and in the process contend with—the power of the West, but that, on the other hand, the nature and form of the new statist strategies are rather different from those of the preceding era. The likely upshot of these developments is not a state-led roll-back of global commodification processes, but rather their continuation by different means. Also, although the rise of statist capitalism is unlikely to overturn the liberal global order completely, it may very well be expected to considerably transform it. China in particular

represents a different ‘variety of capitalism’ than that which has become hegemonic in the West. As Kees van der Pijl notes in his contribution to this issue, the state class rather than capital is sovereign in China, which at least leaves open the possibility that China’s rise will result in a reshuffling of the structures of global governance, with a reduced role for market-based governance mechanisms and a greater role for inter-state bargaining.

There is of course a great variety in more particular forms of statist capitalism and ‘catch-up’ strategies among the various rising powers from the global South (see also the contribution by Schmalz and Ebenau on these trajectories within Brazil, India, and China). An important distinction to be made, however, is between *rentier strategies* and *developmentalist strategies* (Overbeek, 2012b).² Whereas the former refers to a strategy maximizing income derived from the possession of natural resources (exploiting ‘natural advantages’), the latter constitutes an investment-driven industrialization strategy that partly ignores ‘natural (dis)advantages’. This heuristic device is helpful in making sense of how domestic power configurations and external manifestations on the world market are correlated (see also the contribution by Schwartz in this issue). We can subsequently relate this to different ideal-typical state–society complexes—in turn implying different configurations of the state–capital nexus—outside the Western core, representing different degrees to which they may potentially be expected to challenge the existing geopolitical order:

- 1 Proto-states (Cox, 1987, pp. 218, 230–231): states where the relationship between state and society is in constant crisis, and where no social force is able to gain widespread consent and govern effectively.
- 2 Rentier states (Beblawi, 1990): states where the national economy depends mostly on the realization of rent, based on the possession of certain natural resources (e.g. minerals) or geographic advantages (e.g. control over a strategic seaway), and where the rent accrues to a state class (Elsenhans, 1991) or ruling clique.
- 3 Late-industrializing developmentalist states (Cox, 1987; Gerschenkron, 1962), where the state plays a leading role in the promotion of industrial development, and where the state class is committed (in any case for legitimation purposes) to pursuing development goals for the society at large.
- 4 Hobbesian contender states (van der Pijl, 1998, 2006) are a subset of late-industrializing developmentalist states where the state class develops an ambition to challenge the hegemony of the Lockean heartland in the power structure of the global political economy.

Two key examples (both of which receive further treatment in this issue, cf. de Graaff and Schwartz, respectively) may serve to illustrate the rise of state-capitalist forces from the global South making their mark on the stage of the global political economy. One is that of the rise of state-owned national oil companies (NOCs), which have played a key role in the contestation over energy resources at least since the establishment of OPEC and are increasingly becoming prominent players in global energy networks (de Graaff, 2011, and in this issue). The other is the rise of sovereign wealth funds (SWFs), whose increasingly significant role in the global economy was brought to the limelight in the context of the current crisis (e.g. Farrell et al., 2008). We observe that many NOCs and SWFs originate in rentier states on the one hand (primarily the Arab oil producers), and in contender states on the other (e.g. China). In some cases we deal with regimes relying on oil and gas rents (SWFs play a relatively minor role in these cases) to either resist decline from previous Hobbesian contender status (Russia) or to convert themselves into (junior) Hobbesian contenders (Iran, Venezuela).

Finally, we have some successful late industrializers proper, whose SWFs play (or may be expected to play in the future) a major role (Singapore, South Korea).

What is important to emphasize is that generally speaking all—including those located in rising contender states—of these new global state-owned players display an *outward-looking, economically expansionist* (rather than protectionist) outlook, integrating themselves into transnational circuits of capitalist production and finance. While at the moment this ‘integration’ implies that the statist contenders play according to the rules of the game as ‘defined’ in those transnational circuits of Western capitalism, it does not necessarily imply a wholesale internalization of this rule set (cf. Harris, 2009). Nor does it imply that they are at the moment actually challenging these rules. Meanwhile, it does generate a different distribution of power within the global political economy, leading towards an increasingly multipolar order. Although this is, as of yet, not representing a fundamental reconfiguration of the state–capital nexus in the Western core, the statist contenders have gained a seat at the table in the global governance structures, which might very well lead to a real challenge to Western dominance in the longer run. Over time the steady rise of the state-directed capital from outside the capitalist core might thus also force a more active role of the state in the West; more than, as we have observed, has been the case hitherto. Decisive will be to see whether these countries develop into autonomous centers of capital accumulation, with surplus being reinvested and serving to strengthen the state–society complexes in questions, or whether ultimately the accumulation of capital in these emerging economies is successfully integrated into, and subordinated to, the hierarchically structured global circuits of capital, with ‘Wall Street’ at the apex siphoning off a major part of the surpluses produced locally. When looked at in this way, it may well be that in the final analysis the state in peripheral formations including most would-be contender states ultimately serves as an instrument for continued and intensified accumulation by dispossession (Harvey, 2003). As van der Pijl argues in his contribution to this issue, the state classes in contender states may very well only be able to successfully insulate themselves against the co-opting and submissive forces of Western capital to the extent that they are able to successfully undertake and continue a social revolution internally. Most emerging countries do not appear to have these characteristics.

Conclusion

In this article we have examined to what extent and how the current global crisis of Western capitalism has reconfigured the state–capital nexus both within the Western ‘heartland’ and in the rival centres of accumulation outside of the former capitalist ‘core’; in particular some of the major powers from the global South. We have argued that this reconfiguration is characterized by the contradictory manifestation of a ‘return of the state’ on the one hand, and a continued deepening of the process of capitalist transnationalization and globalization on the other. Departing from the fundamental interrelatedness of state and capital we have proposed a conceptualization of the state–capital nexus that identifies four different roles of the state within (global) capital accumulation processes and that allows for analysis of the changing dynamic of the state–capital nexus.

We have concluded that with respect to a rearticulation of the state–capital nexus in the West, the response to the financial crisis and more generally the crisis of the neoliberal growth model has not been a turn to some form of ‘state capitalism’ nor a fundamental shift towards what we have identified as market direction. Rather it has implied an intensification of the first market-creating and maintaining role of the state as well as re-enforcing the (fourth) dimension of

external representation, with a deepening of global commodification as a consequence. This rearticulation has been manifested by major states' power plays—both the US asserting its power vis-à-vis the rest of the world, and core Northern European states vis-à-vis their 'Southern periphery'—and has been underpinned by coercive means ranging from the imposition of sweeping austerity and retrenchment measures to military intimidation and war.

Our general observation with respect to the new statist capitalists is that whereas earlier the 'statist' catch-up with the West involved a mercantilist and protectionist strategy in which the country's own industries were shielded from global competition, the statist capitalists of today have opened up to the world economy, and are seeking to achieve a prominent place within it, by and large playing along with the (neo-)liberal rules of the game. At the same time, however, we should not make the mistake that what Harris (2009) has called the 'statist globalizers' are—or with time will become—just like the Western transnational capitalist elites. For now, and for the foreseeable future, the new catch-up strategy is only (neo-)liberal in its outer form, at its core it is still more about state sovereignty than about the sovereignty of capital. In sum, we argue that although the contradictions of capital accumulation in the twenty-first century take on a very different form and shape in the world outside the so-called Lockean heartland, it is still an open question whether in the final instance the rise of rival centers of accumulation constitutes a challenge to the foundations of the neoliberal global order.

The jury is still out on the extent to which a more fundamental reformulation of the state–capital nexus will be generated by the multilayered crisis that global capitalism is facing. What we have shown is that so far a reconfiguration of state power within capital accumulation—or for that matter a demise of Western dominance—does not necessarily obstruct or contradict a deepening and widening process of global commodification and marketization.

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Notes

- 1 We can only mention a small section of this literature here. On the crisis in a very general sense, see e.g. Gills (2010) and McNally (2009). On the crisis as a crisis of neoliberalism, see Birch and Mykhnenko (2010); Brand and Sekler (2009); Crouch (2011); Duménil and Lévy (2011); Panitch et al. (2011); Overbeek and van Apeldoorn (2012). On the geopolitical dimensions of the crisis, including the twin phenomena of the crisis of American empire and the rise of East Asia (China), see Arrighi (2007); Callinicos (2010); Jacques (2009); Mahbubani (2008); van Apeldoorn and de Graaff (2012); van der Pijl (2006).
- 2 This distinction is similar to the one made by Schwartz between *Ricardian* and *Kaldorian* strategies (Schwartz, 2010, pp. 59–62).

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